

# FEI@75: december 06

## What Does the Future Hold, for Finance and CFOs?

By Jeffrey Marshall and Ellen M. Heffes

*The editors reached out to a wide range of experts — CFOs and former CFOs, consultants, academics, accountants and technology vendors — to get their thoughts about what the coming years could bring for financial executives.*

### **INTELLECTUAL CAPITAL**

“The greatest change that has to occur in the finance role involves the intangible assets of the corporation. As we have shifted to a knowledge-based economy, the drivers of competitive advantage are resources like people, processes, knowledge, external networks and brands. Today, only 20 percent of corporate value can be explained through the book value of tangible assets. The rest is in intangible, intellectual capital. The implications of this are widespread.

Financial reporting doesn't give an accurate picture of a corporation's productive “assets” (as was the original intention of the balance sheet). New approaches to performance measurement need to be adopted to help management, and new approaches to assessing the strength, outlook and risk of the corporate portfolio of productive resources also need to be adopted. Failure to adopt new approaches will relegate financial executives to be truly bean counters, in charge of the income statement but having little input into the future capacity of the organization.”

— *Mary Adams, founder of the IC Knowledge Center, an Internet resource on intellectual capital (www.icknowledge center.com).*

*Full article available at:*

*[https://www.financialexecutives.org/netforumfeitest/eweb/dynamicpage.aspx?webcode=mag\\_detail&key=a63e35-031b-45e3-91a1-26cec8d6836d&Site=\\_fei](https://www.financialexecutives.org/netforumfeitest/eweb/dynamicpage.aspx?webcode=mag_detail&key=a63e35-031b-45e3-91a1-26cec8d6836d&Site=_fei)*